

Understanding Customer-Derived Value in the Timeshare Industry

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The timeshare sector has grown substantially over the past decade in both size and product configuration. Focusing on the concept of customer-derived value, group interviews were conducted with owners of timeshare holiday products to assess the dimensions of customer value in timeshares. Twelve such dimensions of value emerged from the interviews, most notably knowledge enhancement. Six detractors of derived value were identified. With a better understanding of the sources of value for timeshare owners, managers can recruit new owners, develop products, and enhance the levels of satisfaction and loyalty among existing owners.

Keywords: tourism marketing; holiday ownership; customer value; timeshare

More than 5,000 timeshare resorts in 110 countries operate at this writing, with more than 6 million owners (comparable figures from 1980 are 506 resorts and 155,000 owners).¹ Although the industry's professed goal is customer-focused sales, some research suggests that part of the industry's growth stems from questionable marketing practices, while the high cost of sales still lingers as a major challenge (Woods 2001). With that background, we thought it worthwhile to determine how timeshare owners derive value from their purchase.

1. www.resortadvisors.com/timeshare_overview.htm#TIMESHARE%20INDUSTRY%20GROWTH (accessed March 8, 2006).

Timeshare resort ownership offers consumers an opportunity to purchase time slots in a resort, which can be occupied for personal holiday, rented to other holiday makers, or exchanged with other buyers in the company's system. The two chief forms of timeshare ownership are title or trust (which are taken in week-long blocks) and point-based, in which participants purchase points that they then apply to the use of timeshare units (Upchurch and Gruber 2002). Given the many ramifications involved in a timeshare, its purchase represents a reasonably large financial outlay, is complex, and is largely intangible. Unlike a normal vacation purchase, the vested interest in timeshare continues indefinitely. Furthermore, the timeshare product has expanded from ownership of an interval of accommodation time to complex and varied holiday offerings. Large and internationally recognized companies, such as Accor, Marriott, and Trendwest, have entered the timeshare market with a wide array of products. In addition, there are various companies that offer complementary services—for example, exchanges or cruises—often resulting in the consumer's being faced with an exciting, if somewhat overwhelming, product.

Substantial industry research has been conducted into the purchase motivations and owner profiles of timeshare buyers, but we have found little academic research that examines how consumers derive value from their timeshare ownership after purchase. With regard to the purchase decision, Crotts and Ragatz (2002) stated that an industry survey in 1998 found that the most important reasons for purchasing timeshare included flexibility, saving money, liking the resort, and certainty of quality accommodation. The study explained in this article, however, examines consumers' attitudes after the purchase, in an effort to determine what factors add to or detract from the value that consumers see in their timeshare purchases.

Customer value is a topic of great interest, as it is considered to be a major antecedent of customer satisfaction. Customer value in this instance is the customer's perspective of the utility attached to an object or experience, as distinct from the value of a customer to an organization. Though customer value is widely viewed as a multidimensional concept, there is little agreement about the dimensions therein (Woodruff 1997). Part of the reason for this is that value is often context dependent, and the salience of a given dimension may vary according to the situation. This is particularly so in hospitality services, a situation that is complicated by the fact that a timeshare purchase comprises both experiential and ownership aspects. That is, in addition to the holiday experience, consumers buy into some type of ownership that constitutes a relatively long-term investment. Given this situation, it might be expected that owning a timeshare will evoke strong feelings of value. In this study we sought to find out which dimensions of customer value relate to the holiday experience in general and which value dimensions relate more expressly to ownership. This partition of value attributes should allow timeshare managers and marketers a better understanding of their products and markets.

Theoretical Framework

The nature of value remains in flux. On one hand, value has been proposed as a unidimensional concept that assesses "the utility of a product based on perceptions of what is received and what is given" (Zeithaml 1988). In contrast, Holbrook (1999) treats customer value as multidimensional and defines the concept as "an interactive relativistic preference experience." In this approach, value depends on a relative assessment of utility against alternative products rather than a standalone absolute assessment of a product's worth. Authors such as Woodruff (1997) support this definition, and this is the approach we followed for our study.

Furthermore, we use the term *customer-derived value* to denote this use-based form of value, as discussed below. The following brief discussion of the literature focuses on the nature of existing value typologies and contextual issues.

Value Dimensions

Authors have identified several forms of value (see, for example, Mattsson 1992; Holbrook 1999; and Woodall 2003). That is, researchers have frequently defined value as being multidimensional. Of particular importance to the current discussion is what is sometimes referred to as *derived value* for the customer, a concept drawn from the notion of customer use or customer experience outcomes (Woodall 2003). This concept suggests that a customer can derive value from many different aspects of product use. So, for example, owning a Rolex watch may yield benefits (or derived value) from the status of owning the watch, from the aesthetic elements of the watch, and the functional value of the watch's keeping the time. Nevertheless, the literature suggests that value is neither clearly defined nor understood. Moreover, understanding value within a particular context is seen as an important consideration when framing what value represents to the hospitality guest.

Contextual Issues

Service evaluation measures, in general, have been criticized for failing to take context into account. For instance, SERVQUAL (along with its derivatives) is the most widely discussed service-evaluation measurement to face such criticism (Buttle 1996). Indeed, variations to the original SERVQUAL tool, with its five dimensions, have ranged from two to eleven dimensions (Buttle 1996). The premise is that any service evaluation by the customer will depend on situational or contextual factors. A service-evaluation measure

that is effective for resort hotels may not work for a bed-and-breakfast property. Thus, a focus on timeshares specifically is vital to assessing the value of that investment.

Authors have taken different approaches to dealing with context issues. For instance, Holbrook (1999) includes situational context in his discussion on relativistic properties of consumer value. He sees value as depending on variances in both personality and contexts. A similar approach to dealing with context issues was taken by Sheth, Newman, and Gross (1991). Indeed, one of their five dimensions for customer value was named *conditional value*, which they conceived as a situational influence focusing especially on task definition. This concept accords with Holbrook's view of how a change in a set of circumstances, time, or location will affect a consumer's evaluations of a particular experience.

A second general approach to dealing with context issues is to develop a model suited for the particular context. This could be a grounded-theory approach or could be based on a starting framework, as Sheth, Newman, and Gross (1991) proposed. In the areas of hospitality, leisure, and tourism, limited work has been undertaken to develop an understanding of the value construct or to create a suitable measurement scale. In one study, Oh (1999) defined value as unidimensional and measured the construct with a single-item scale in a study with 550 hotel guests. Petrick (2002) developed a perceived-value scale from two studies of Caribbean cruise liner guests, but his initial conceptualization was not based on the use or consumption-experience notion of value. Instead, his initial concept was based on Zeithaml's (1988) trade-off approach with the added dimensions of emotional response and reputation. Thus, no dimensions were grounded in the services context.

A specific contextual issue flows from the work of de Ruyter et al. (1997), who argued that perceived customer value is

“related to the experience of the service-delivery process rather than the acquisition of a certain object or outcome.” This view accords with the notion of value as a consumption experience. On the other hand, Richins (1994) suggested that even small mementos, such as a photograph or a ticket stub, may evoke a customer’s strong feelings of perceived value. Furthermore, she argued that many people do not assess value in economic terms, and the individual will use the meaning behind a particular item to determine its value. These views again suggest that the nature of the service, together with individual attributes, will play a part in formulating an appropriate typology of values. Furthermore, this line of argument suggests that those services that have a mixture of salient intangible and tangible components may relate to different value typologies than would those services where either tangible or intangible characteristics dominate. For instance, a holiday experience is often considered a highly intangible experience-related service. However, if we take Richins’s perspective, the possession of one holiday photograph may instill strong feelings of value about the holiday. Relating this concept to timeshares, situations where the holiday maker owns a portion of the title to the resort property provide an interesting opportunity to explore how customers view value. In particular timeshares may involve a converse side to value in which certain aspects of the product use or ownership can lead to a reduced sense of derived value (Upchurch and Gruber 2002).

Research Objectives

As we said above, previous research into timeshares has addressed economic effects, customer-satisfaction surveys, purchase motivations, and demographic profiles (see, for example, Crotts and Ragatz 2002; and Lawton, Weaver, and Faulkner 1998).

The research has been silent on identifying the value that timeshare owners derive. Furthermore, other than the descriptive studies we just mentioned, no research has investigated this type of experiential product, where a consumer pays a considerable amount of money to “own” the rights to some sort of vacation interval. Moreover, this vacation product has an additional ownership aspect, because participants pay an annual levy or maintenance fee for the product. Compared to typical transient vacation services, the timeshare product has a long life cycle for the purchaser—typically, as long as purchasing a vacation cottage.

Research Method

We employed a qualitative-group interviewing process, focus groups, because it allowed for the collection of a broad range of information from the two different types of owners (i.e., title and points). A major reason for choosing focus groups was that we could canvass a range of opinions at one time. Group interviews also provide rich data about derived customer value of timeshare ownership while allowing other participants to add cumulatively to these data (Fontana and Frey 2000). Such interviews also permit group members to challenge or check what others are saying, thus providing an iterative yet interactive dialogue.

For our study, three groups of current timeshare owners were brought together with the assistance of the Australian Timeshare and Holiday Ownership Council and three major timeshare firms, which provided a sample of current owners from their databases. We interviewed volunteer participants in three separate sessions comprising an average of sixteen individuals per session (usually eight couples) who owned some form of timeshare. For each group, we used a common interview schedule, which was developed through consultation with industry as well as a review of academic literature. This format

allowed for both structured and unstructured interviewing approaches. Care was taken to minimize the dominance of any one individual and to ensure participation of all participants. Each interview session took between sixty and seventy-five minutes and was audiotaped and transcribed. By the end of the third interview, we saw that limited insights were being added by participants and concluded that sufficient data had been collected.

Analysis and Results

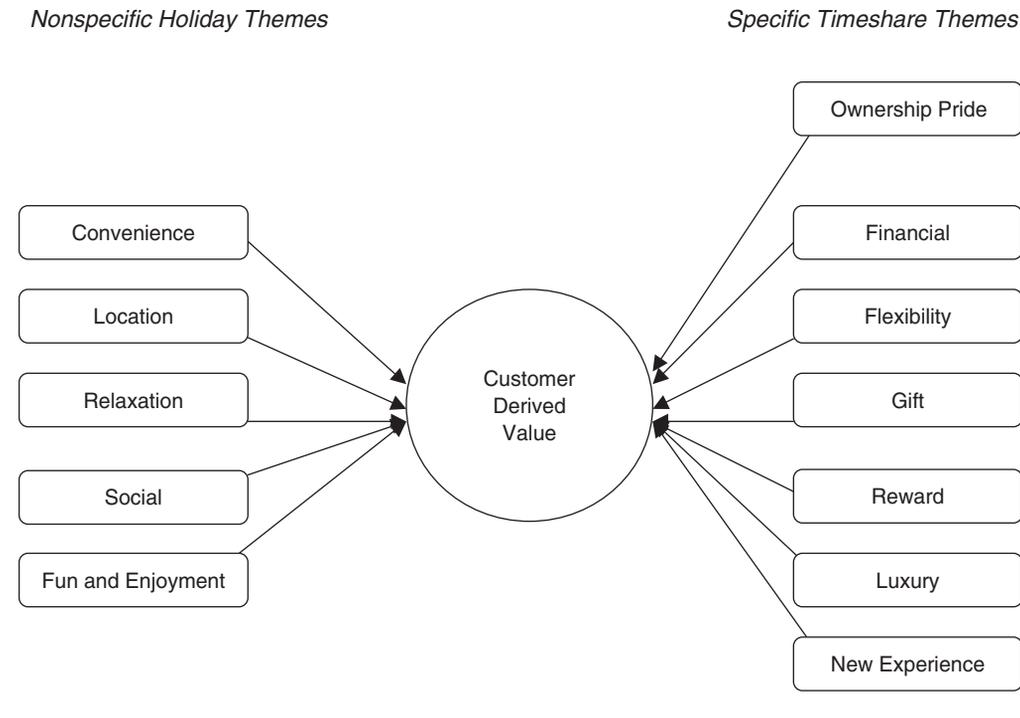
With the aid of Nvivo2.0 software, we conducted a content analysis of the interview transcripts (Judd, Smith, and Kidder 1991). First, two members of our team reviewed the data for text that related to the notion of customer-derived value and used an iterative process to differentiate group explanations of customer value (for a full discussion of this approach, see Spiggle 1994). Next, a codebook was devised to provide a detailed description of each coded value category, specifying inclusion and exclusion criteria, as well as exemplars of text that illustrated the code (following Ryan and Russell 2000). The remaining members of the research team reviewed the codebook definitions and classifications of categories, which led to some minor changes to the final codebook. Following this process, a second research assistant then recoded the group interviews based on the final codebook classifications. The interrater reliability for this second coding with the original classification was 90 percent. Any discrepancies were reviewed and resolved by the entire research team.

The results were then presented to an expert panel comprising resort managers, executives from timeshare development and exchange companies, and an executive from a training company. The results were also presented to the annual national conference of Australian Timeshare and Holiday Ownership Council.

In the main, consumers in this study made comments in line with Holbrook's (1999) relative-preference definition of consumer value. Consumers based their perceptions of value on personal experience with the product and frequently compared it to another leisure experience, such as a hotel or resort stay. In addition to contrasting timeshares with other hospitality products, many comments were made about the derived value of the person's particular investment against other types of ownership or other vacation forms. As an example, "The points system outweighs . . . it's much better I think against the weeks system. The points system you can break it up and you can have 2 days here or 3 days there; you know admittedly you can't book it too far in advance but say you're going up the coast, say you're driving."

For the majority of respondents, it was evident that value derived from their timeshare investment was often considered in comparison with another product they could have purchased, usually within the same broad category (vacations). By way of an example, "So we really we look at the value in [timeshare], the savings compared with similar resorts which we'd normally stay at. We've got a lot of our value already in what we've done."

With the foregoing overview, let us examine what provides value to timeshare resort owners. Twelve dimensions of customer value were identified from the group interviews, as illustrated in the concept map in Exhibit 1 (note that the map is a graphical representation of themes only). We also grouped the twelve dimensions into a set of specific dimensions, which relate almost exclusively to timeshare-resort ownership, and another set of nonspecific dimensions, which relate to the holiday resort context more generally. The existence of seven derived-value dimensions that relate specifically to the timeshare context indicates that a perspective of value derived from just a

Exhibit 1:**Map of Themes for Customer-Derived Value**

standard resort context would be inadequate for the resort ownership context. This finding strongly supports the notion of determining value dimensions based on specific contexts. Even so, the classification remains relative. That is, the various dimensions of value might be seen on a continuum. Thus, where it seemed that ownership of timeshare resulted in more derived value than other products we have classified it as such, but that derived value is as perceived in relation to other holiday types.

Five Overall Dimensions of Vacation Value

The five dimensions that respondents found in all forms of resort accommodations are convenience, location, relaxation, social, and fun and enjoyment. Although

these dimensions translate to derived value for timeshare owners or members, all consumers of a resort experience are likely to derive value associated with these five dimensions. Exhibit 2 gives definitions and examples of each dimension. Although these five dimensions of value might be seen as relatively generic, the data collected illustrate how timeshare resort managers can optimize the value derived by consumers on those dimensions. For example, while all holiday makers might seek relaxation, the fact of timeshare ownership forces many consumers to commit to taking a holiday with its implicit relaxation. The convenience theme was typified by comments about the availability of facilities, either onsite or adjacent to the timeshare property. For instance, one respondent described how she enjoyed

Exhibit 2:

Nonspecific Value Dimensions for Holidays

| <i>Dimension</i> | <i>Meaning</i> | <i>Exemplars</i> |
|-------------------|--|--|
| Convenience value | Value derived through the convenient location and access of a timeshare property. | <p>"The meals there are just divine. . . . You go down and have a few drinks and not have to drive anywhere" (Female).</p> <p>"You seem to have those opportunities whether to prepare your meals in your room . . . we've got friends here locally and we invited them, cooked a meal and sat around and had a chat. It was pretty good . . . you can buy groceries from there . . . the good thing I found out was the shops right behind you that you can buy everything" (Female).</p> |
| Location value | The value gained from the resort's position and access to destination attractions. | <p>"Would be 45-50 minutes from home so we're not very far from home and we can sort of drive down in an hour and have a few days off" (Male).</p> <p>"Most are all near attractions . . .there's usually something to do around" (Female).</p> <p>"You can just go for a nice stroll at night and within 50 meters you can pick any sort of restaurant" (Male).</p> |
| Relaxation value | Being able to relax and unwind. Value was derived from their ownership because by having the product they were "forced" to take a holiday and this seemed to be a positive outcome for many. | <p>"We bought [a fixed timeshare week], . . . they had red, white and blue signs—white was floating, red was peak and blue was fixed. And you couldn't move it and even though it cost more we bought fixed and that was the best thing we ever did because it meant that every year I never had to do anything and just take a holiday" (Female).</p> <p>"So people are pretty busy these days having that sort of that forced upon us, got to take a holiday, got to get that rest and relaxation" (Female).</p> |
| Social value | The opportunity to holiday and spend quality time with family and friends, as well as the opportunity to meet and socialize with other timeshare members. | <p>"They do that [have a social get-together] here and I was very surprised and pleased because we came to [one] on the Thursday and stayed with other people, met other people, went out with one lot and I think it is a great</p> |

(continued)

Exhibit 2:

(continued)

| <i>Dimension</i> | <i>Meaning</i> | <i>Exemplars</i> |
|-------------------------|--|--|
| Fun and enjoyment value | Value derived from the enjoyment of the timeshare experience, such as the “fun” or “play” from activities (such as children’s activities, member social events, etc.), facilities or services. | way to meet other people, get views and their experiences and the staff are so friendly here compared to most other places they don’t want to know you” (Male). “And as the kids were growing up they flogged those tennis courts to death” (Female). |

having the restaurant either onsite or handy to the resort. A dimension related to convenience was the resort’s location—with convenience in this instance meaning ease of access.

Expanding on the social-value theme, several respondents talked about how the “social get-togethers” arranged by timeshare resorts enhanced their derived value. Several respondents noted that timeshare resorts excel at social value—for example, by hosting a welcome event. The social value particularly extended to respondents who returned to the same place every year. However, some people noted that many transient resorts also offer a social aspect to their operations. For instance, an island resort conducts social events to bring guests together. Beyond social value, the fun and enjoyment theme accords to Holbrook’s (2005) “play value” whereby consumers seem to get intrinsic motivation and pleasure from engaging with the product.

Seven Dimensions of Timeshare Value

The seven dimensions that relate directly to timeshares may also be evoked

in standard resort settings. However, we found that owners undertook a comparative evaluation to nominate aspects that timeshares do better or where owners could derive value not available otherwise. Even though many nontimeshare resorts offer luxurious facilities, for instance, timeshare owners felt that they could obtain “more luxurious” facilities through a timeshare scheme than booking a standard holiday accommodation. In contrast, no comparative difference was found for enjoyment.

The seven specific dimensions are financial, flexibility, gift, luxury, new experience, ownership pride, and reward (see Exhibit 3). We classify these as supplementary service dimensions, which augment the usual resort product to create additional derived value. One of the key findings is that ownership pride has two sides. On one hand, for many, this aspect appears to reflect a sense of self-esteem and of being able to have an affordable holiday home by the sea or in some other exotic destination. Similar to Holbrook’s (2005) findings, several respondents appeared to get a sense of pride from the ownership that made them feel special for achieving

Exhibit 3:

Specific Value Dimensions for Timeshare

| <i>Dimension</i> | <i>Meaning</i> | <i>Exemplars</i> |
|------------------|--|--|
| Ownership pride | A feeling of ownership pride from being able to treat the "unit" as their own holiday house/apartment. | <p>"When we leave we strip all the beds you know stuff like that."</p> <p>"You get a bit annoyed when you find a cigarette hole in a blanket . . . and there are signs everywhere saying no smoking and you know somebody before has abused the things" (Male).</p> |
| Financial | Timeshare ownership tend to accrue financial benefits and costs across its lifetime. A feeling of deriving financial value from their timeshare purchase, such as the recognition of long-term financial savings, and monetary comparisons with other resorts (both timeshare and nontimeshare) and holiday styles (cruises and overseas trips). | <p>"We really look at the value in the savings compared with similar resorts which we'd normally stay at" (Male).</p> <p>"The timeshare is a little cheaper than common holiday [products]" (Male).</p> <p>"From our perspective it [timeshare] is probably cheaper. Although we sort of come from a position of doing a lot of camping so we enjoy that as well but it's cheaper to stay in a place like this with bonus time that you purchase extra than it would be to go anywhere else" (Male).</p> |
| Flexibility | The value derived from the opportunity to use timeshare for varying reasons, such as for various needs (visiting relatives, graduations), accommodation styles (purpose-built, nontimeshare, locations), overseas travel, and different holiday styles (cruises, flights, short breaks) is best conceptualized in flexibility terms. | <p>"We were originally from here and so we used that opportunity to come back for graduation" (Male).</p> <p>"You can go away to Thailand . . . down the coast for a few days and not chip into your overall week" (Female).</p> <p>"We've used bonus time in the early part of the week so we've been able to hop around from one place to another" (Male).</p> |
| Gift | Value derived from the opportunity and ability of being able to give a holiday or part of a holiday as a gift. | <p>"We're sending her and her fiancé to Fiji for their honeymoon" (Female).</p> <p>"So we thought mum and dad will use it" (Female).</p> <p>"Well both my parents are now on a pension . . . they tend to go campervan type holidays so just recently we sent them away for four days to the beach which was just lovely for them" (Female).</p> |

(continued)

Exhibit 3:

(continued)

| <i>Dimension</i> | <i>Meaning</i> | <i>Exemplars</i> |
|------------------|---|--|
| Reward | The derived value from being able to use timeshare purchases as a reward for both others or themselves was evident. | "I've used it for my employees as a bonus for them . . . that's worked out well" (Male). |
| Luxury | "Owning" something a little luxurious and deriving a sense of feeling that they could experience a level of pampering that they could not normally afford. The opportunity to stay in high quality properties and use high quality services and facilities. | "So it just gave us the benefit of just being able to have a decent holiday occasionally" (Female). |
| New experience | Value from being able to experience things that they would not normally be able to experience. | "Like Thailand, we've gone completely off-peak in July and that's a really hot month . . . cause I think, well, you're experiencing a different country, so it doesn't really matter." |

ownership of a "holiday house." On the other hand, this dimension of value also had an unusual negative facet, namely, that the negative attitude held by the general public toward timeshare was a threat to their self-esteem. The purported negative attitude stemmed from what respondents reported as "heavy selling tactics." So while respondents did seem to derive value through feeling good about owning a share of a resort, there is a danger that negative attitudes held by others could erode this value. In light of this finding, we suggest that marketing practitioners for timeshare products ensure that their selling tactics capitalize on the positive side of pride while minimizing negative approaches toward potential timeshare purchasers.

Respondents who identified financial value believed that with timeshare ownership they would save money in the long term as

compared with the usual purchase of a holiday. Similarly, many respondents spoke of bonus weeks as adding value to their use of the product. As the timeshare products have evolved, the increased add-ons seem to be valued by consumers. In addition to the bonus weeks, respondents mentioned cruises and exchanges as representing good value. A third form of specific value, flexibility, accrued in several ways. Examples include using the product at different times and with different motives in mind, and being able to exchange the product for other accommodation or leisure products. The value derived from this dimension seemed to be associated with a sense of control owners felt when they were able to use their week or points in multiple ways. Importantly, the flexibility of use gave respondents a sense of opportunity of how they *could* use their product to receive additional benefits.

The dimensions of gift giving and reward seemed related to each other. Owners reported feeling a great sense of sentimental value in being able to give a timeshare holiday to a son or daughter for a wedding present or some special occasion. Along the same line, respondents spoke of how they would give a holiday week to an employee for a job well done, or they said that taking a timeshare week was a reward to themselves for a job well done. Thus, part of the value was derived through a sense of “I own something and can use it myself or give it to someone special.” While it is acknowledged that someone could buy a holiday as a gift, what distinguished the value derived from timeshare was a sense of “I already own it so it doesn’t cost me much to give it away to someone, and yet it is a valuable gift.” Thus, a benefit was evident by the fact that a respondent had ownership of timeshare and *could* give it to others.

Finally, respondents spoke of owning something luxurious and feeling that they could experience a level of pampering that they could not normally afford in a standard holiday. Hence, owners felt that they received good value from the opportunity to stay in high-quality properties and use services and facilities of a better standard than what they normally would experience. A theme closely related to luxury is the notion of new experiences. The network of timeshare resorts available around the globe offers an opportunity to dream about and experience new destinations that would not otherwise be available to them. For example, several respondents spoke of being able to have their first experience of going overseas, taking a cruise, or staying at a five-star luxury resort. Thus, timeshare ownership opened a range of opportunities that respondents might never have considered.

Relationships between Dimensions

Further investigations were conducted into the relationships between derived value

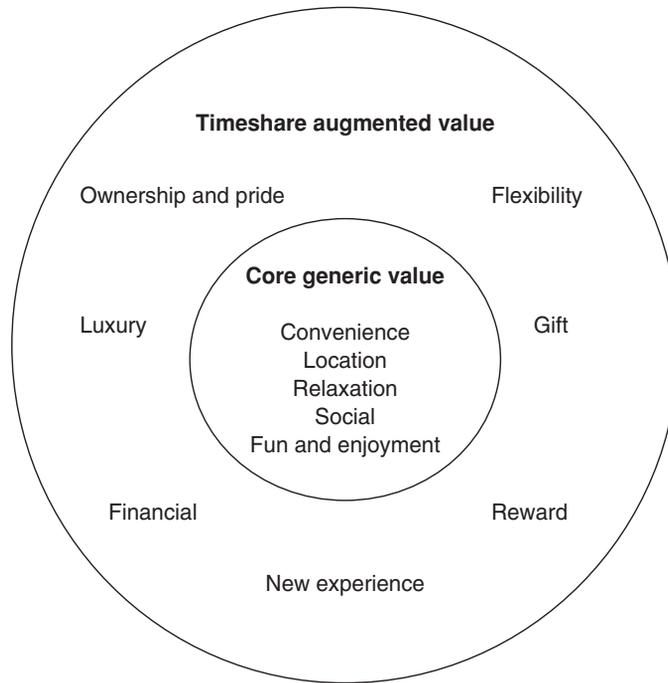
dimensions using the approaches suggested by Mattsson (1992) and by Woodruff (1997). These two authors independently suggested that value dimensions can be characterized at different levels. On one hand, combining both approaches, we can see that basic values would hold minimal properties (i.e., formal and less capable of being customized) and be more instrumental in nature. On the other hand, higher-order values would possess more properties (i.e., richness) and be more terminal (goal-oriented) in nature.

By first treating the initial split between nonspecific and specific value dimensions as a function of the degree of customization available to the resort guest, it is evident that timeshare resorts possess greater opportunities to offer a more customized product. For instance, the specific dimensions of pride, financial, and flexibility relate to personal-use characteristics, while gift and reward dimensions relate to use by significant others or in certain instances to the owners themselves. These dimensions suggest a fulfillment of personal needs that can be depicted as higher-order needs. The customization distinction is further evident when we note that owners valued timeshare products for their particular exchange characteristics, which are indicative of a customization capacity.

Similarly, we view the specific value dimensions of luxury and new experiences as indicative of higher-level values. These two dimensions relate to exploiting holiday opportunities not thought to be available through typical leisure products. Respondents’ comments indicated both surprise and delight at being able to experience a higher standard of living than would be afforded through typical holiday options. We view these comments as more aspirational in nature than functional. Accordingly, we agree with Mattsson (1992) and Woodruff (1997), who suggest that value dimensions for the resort guest can be differentiated from each other based on core or basic

Exhibit 4:

Augmenting Value through Timeshare Ownership



characteristics and on higher-order or supplementary characteristics.

More important, we believe that this distinction between core or generic value dimensions and higher order or supplementary value dimensions can be diagrammed, as shown in Exhibit 4.

In this model, the function of the supplementary services is to augment or differentiate the product offering. Thus, using the notion of the augmented service offerings suggested by Gronroos (1987), we represent core or generic value dimensions, which relate to traditional resorts and timeshares alike, at the center of the augmented value offering. Supplementary value dimensions, which relate to the timeshare context, are shown as peripheral to the core values. The idea is that generic values are essential for all holiday resorts, while supplementary

values augment a specific context. We believe that this depiction provides a concrete method for resort managers to examine their value offerings than the more abstract notion of hierarchical relationships between dimensions. However, the augmented-value offering model shown here remains consistent with the theoretical views of both Mattsson (1992) and Woodruff (1997).

Detractors

While our major focus has been on exploring factors that increase the value consumers receive from timeshare ownership, we also identified detractors to value. These refer to factors that take away the possibility of the consumer's gaining full value from the product ownership. Six themes that were classified as detractors of value were identified from the interviews (see Exhibit 5).

Exhibit 5:

Detractor of Consumer Value from Timeshare Ownership

| <i>Dimension</i> | <i>Meaning</i> | <i>Exemplars</i> |
|---------------------------|--|---|
| Facilities | Value was diminished due to the quality of the facilities received at some resorts mainly through exchanges. | "We get up to [resort name] and we were a bit disappointed with that place because the rooms were terribly small and I felt it was second rate." |
| Availability of timeshare | Value was diminished due to where resorts were not available close to the purchaser's home. | "We don't have many resorts in Victoria and so we've used bonus time for a couple of the... there's two resorts in Victoria." |
| Reservation issues | Value was diminished when there was a lack of opportunity to make specific requests when reserving a timeshare week. | "I don't particularly like is that you're unable to choose which unit you have." "If we couldn't have a beach view, we probably didn't want to book, but no one could actually guarantee us (that we would get a unit with a beach view)." |
| Financial | This dimension was multifaceted. Value was diminished from two key sources: (1) when the timeshare product was perceived to have little or no resale value; and (2) the cost of maintaining the timeshare product. | (1) "That's the major problem. Anyone who's got a major problem with the system of timeshare—it's not the [money]. . . . I mean you expect to pay money to come into anything, you don't get nothing for nothing, but at the end of it, you get nothing on the way out." (2) "I wonder how everybody feels about the levy. You don't get it for nothing, you're paying \$500, roughly \$500 [for] a week, so I got two weeks that's a fee of \$1,000 so I'm not getting anything for nothing we've outlaid \$15,000 for two weeks and I've still got to pay \$500 levy for the week, \$1,000." |
| Life cycle stage | Value was diminished when personal life cycle stages prevented optimal use. | "At this stage I haven't got much out of it because I'm on call with my company and they won't let me go too far away, so I'm restricted to over here [close to home]." |
| Timeshare image | Value was diminished primarily through how the industry was perceived, especially with unethical practices. | "Yes, but we accept it but should we, as owners, we shouldn't really, the standard now should be higher really, the bar should be raised, a bit of accountability, a bit of honesty in the business it would be a great industry." |

The first detractor was disappointment with the facilities at some resorts. This included physical aspects, such as room size,

quality, and kitchen facilities. The problem crops up from inconsistencies among resorts within the exchange system. The second

detractor is disappointment over the poor availability of timeshare resorts in specific locations. In particular, there seemed to be such a response when only a few resorts were within a reasonable driving distance. Third, not being able to reserve a particular unit or apartment when booking or not being guaranteed a particular feature (for instance, a beach view or an in-room spa) diminished value for many respondents.

Respondents who had mistakenly expected to gain a positive return on sale of their timeshare constituted the fourth detractor. Some respondents reported a level of dissatisfaction from not being able to receive any benefit or “return on investment” from selling their timeshare ownership, noting the poor resale options and the fact that there was no effective way to exit the investment. In addition to that fairly substantial detractor, a small group identified the annual levy or maintenance fee as a financial detractor. Again, the ongoing costs made some respondents feel that a timeshare was not such a good “investment.” Those who mentioned this issue indicated a lack of connection between paying the levy and actual maintenance of the property. Fifth, personal factors relating to restrictions of when and where they could use their ownership diminished value for some respondents who had inflexible time commitments such as work or family situations (e.g., availability only on school holidays). Finally, a few respondents commented that a general negative image of timeshares detracted from their value. This negative view related to the resale issues and perceptions of the industry’s selling tactics. Some respondents felt embarrassed for owning a timeshare and were reluctant to mention it to friends or colleagues for fear of drawing negative comments.

The Knowledge Factor

We also found that knowledge of how to use the timeshare investment facilitated

the value consumers obtained from their ownership. Having researched and learned about this purchase, respondents perceived that they gained more value from their timeshare. Importantly, this knowledge enhancement worked through both formal and informal channels (see Exhibit 6 for details).

Along that line, an analysis of the transcripts indicated that respondents felt that they obtained increased value and benefit from learning how to use the product more effectively, thus getting the most out of their ownership. Several respondents spoke of how educational sessions they had attended had helped them use the timeshare to best advantage. In particular, talking with other owners at meet-and-greet sessions and participating in information and training sessions were two methods in which respondents felt they learned the most on how to use their ownership effectively. Similarly, longer-term ownership facilitated a sense of value from use of the product.

Discussion

We believe that this study provides timeshare executives and hospitality executives with new perspectives to review their positioning based on how consumers derive value from their timeshare ownership and lodging stays. First, we confirm that derived value has distinct attributes, as conceptualized by Holbrook (1999) and by Woodall (2003). Furthermore, we agree with both of these authors that determining value involves a comparative assessment against alternative products.

In that regard, we identified twelve value dimensions, five of which are applicable to the resort accommodation sector generally and seven that appear to fit timeshare ownership. One lesson is that customer value must be assessed in its appropriate context. More important, this finding indicates that timeshare executives and those operating

Exhibit 6:
Facilitating Value

| <i>Dimension</i> | <i>Meaning</i> | <i>Exemplars</i> |
|-----------------------|---|--|
| Knowledge enhancement | Learning how to get the most of your timeshare. | <p>“What I mean is you’ve got to know how to use it and I suppose, not abuse it, but take it to the maximum of what you think (you need) out of it to get your value.”</p> <p>“(We) met other people, went out with one lot and I think it is a great way to meet other people, get views and their experiences.”</p> <p>“We did the training on the system, but it’s like anything you buy, and you don’t read the instruction book to be taught how to use it you say, oh it’s not value for money, . . . I think and that’s what we’re planning to do a bit more of is get taught on what to do and how to use it.”</p> |

traditional accommodations have the opportunity to highlight differences in their products.

Third, we have investigated the notion that value dimensions can be characterized as having different levels. Hence, we have proposed an augmented value model where a dichotomy of dimensions is evident as more personal customization is attributed to the holiday product. This tentative ordering of dimensions extends the typology approach proposed by Holbrook (2005), although a number of individual dimensions relate closely to those identified in the Holbrook typology. For instance, convenience and location correspond to Holbrook’s efficiency dimension, while fun and social themes can be grouped under his play dimension. Similarly, the luxury dimension equates closely to values of excellence in the Holbrook typology and the pride of ownership equates to status or esteem value. However, our interviews

did not reveal any evidence of the aesthetic, ethical, or spiritual value that Holbrook found.

Fourth, we identified specific aspects of timeshare ownership that detracted from value. While luxury facilities, financial, and pride were identified as specific value dimensions of timeshares, the other side of those factors, inconsistent quality of facilities, financial demands, and negative image, were detractors. This situation further highlights the necessity of timeshare operators to be specifically aware of those dimensions of value that have both positive and negative aspects.

Management Implications

This study suggests several value dimensions that timeshare operators can focus on to satisfy existing owners and encourage timeshare sales. An informed marketing approach to address the dimensions of value connected

to timeshares could reduce marketing costs and diminish the perceptions of pressure selling. With regard to that last point, even timeshare owners who had nothing but glowing praise for timeshares reported that they sometimes felt embarrassed by timeshares' reputation. Perhaps to overcome that perception, the promotion of timeshares could reflect both emotional and rational approaches to the consumer. In addition, further product development could be based on using values to offset the effects of detractors as much as possible. For instance, timeshare operators could promote the luxury available by comparing standard resort bookings against the negative perception of timeshares. Noting the lack of consistent facilities, executives need to address that detracting factor to improve their customers' satisfaction.

We see the gift-giving or reward dimension as an opportunity to encourage existing owners to allow friends to experience timeshares without the high-pressure sales pitch. For instance, the American Resort Development Association publication "A Consumer Guide to Vacation Ownership" highlights the value of gift giving in a testimonial.² In addition, vouchers and easy access websites may facilitate such gift-giving practices.

Considering the negative attitudes among some people who do not own timeshares, a challenge facing the industry is how to enlist current owners to assist in timeshare sales. Ragatz Associates (2004) found the most influential source for shaping opinions on timesharing was "friends, relatives, co-workers." To ensure that current timeshare owners are good "ambassadors" for timesharing, we suggest that members of the timeshare marketing and sales arm think about current owners' experiences to ensure that owners have received the product they

thought they were purchasing. We suggest more emphasis on creating value-adding exchanges through product enhancements based on customer feedback. While many timeshare firms have a membership-services manager, this focus can be further developed to add value.

Although sales personnel probably do not want to dwell on the unpleasant fact of the ongoing common-area and maintenance assessments, it makes sense to give potential consumers realistic previews of their prospects. Beyond timeshare fees, our respondents identified a mismatch between the promise and the product in some areas. A closer association between the sales process and the resort management is needed. If the timeshares took a more marketing-oriented approach rather than a sales-oriented approach, then many of the detractors to value could be diminished or eradicated.

We found that as respondents became more knowledgeable about the ways to use the timeshare product, they also perceived greater value from the product. By attending education workshops or mingling with other timeshare owners, these respondents picked up tips that helped them get more value out of their timeshare ownership. Thus, it is strongly recommended that genuine educational sessions be held for current owners on how to gain optimum use out of their timeshare. This is another opportunity to invest in membership services to value add to the timeshare ownership experience.

Timeshare firms that wish to create a sustainable competitive advantage should focus on those themes that are likely to create the most competitive advantage for the industry against other holiday products. Such a sustainable advantage will in part come from delivering on those values

2. www.arida.org/consumer/guide/home.htm (accessed April 3, 2005).

that consumers hold as important and emphasizing those aspects of value that are hard for transient lodging businesses to emulate. Promoting such themes as esteem, pride, and gift-giving can provide positioning opportunities for timeshare operations. The industry must emphasize those factors that separate timeshares from regular resorts.

So while we have endeavored to paint a picture of the value of timeshare ownership and how executives might apply this knowledge, we are aware that this was a small qualitative study. Accordingly, a particular limitation of this research is that the respondents for this study were drawn from a small pool of timeshare owners in a convenience sample. Furthermore, we acknowledge that differences may exist between the owners we surveyed and timeshare owners in general. Thus, it is not possible to generalize the findings across the industry at this point. The differences highlighted in this study between the value dimensions of a generic holiday and those specific to timeshares are yet to be tested on a wider scale. In addition, while the twelve dimensions appear to be distinct, several dimensions may be part of higher-order factors and, thus, could be grouped together in a factor analysis. Any such assumptions would need to be the subject of further study of a quantitative nature. We believe that this study accomplished its main purpose, which was to uncover the lowest-order dimensions that could account for derived value.

In conclusion, timeshare ownership represents a distinctive product form with “strong ties” for the consumer. Value accrues over time and with greater knowledge of how to make use of a particular ownership arrangement. As a result, education on how to gain value from the product appears to be essential for consumers to draw the greatest possible benefit from this product. The

knowledge of how owners derive value from their product can be used both to recruit new owners and to enhance level of satisfaction and loyalty among existing owners. Creating that value should promote the competitive position of this industry. Above all, timeshare managers should remember that value resides in the consumers’ experiences.

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